

Travertine Company

Public Shareholding Company

Condensed Interim Financial Statements (Unaudited)

30 September 2021

Travertine Company
Public Shareholding Company

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Report on Review of Condensed Interim Financial Statements

To The Board of Directors
Travertine Company
Public Shareholding Company
Albalqa - Jordan

Introduction

We have reviewed the accompanying condensed interim financial statements of Travertine Company PLC, comprising the interim statement of financial position as at 30 September 2021, interim statement of comprehensive income, interim statement of changes in equity and interim statement of cash flows for the nine-months period then ended and the notes about condensed interim financial statements. Management is responsible for the preparation and presentation of the condensed interim financial statements in accordance with International Accounting Standard number (34) "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements number (2410) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Material Uncertainty Related to Going Concern

The accompanying condensed interim financial statements have been prepared on a going concern basis, and as indicated in the interim statement of financial position the Company accumulated losses (including the cumulative changes in fair value) reached (85)% of its capital, this is in addition to claims from the Income and Sales Tax department, Social Security Corporation and other liabilities not paid as at 30 September 2021. These events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The Company's ability to continue depends on the availability of the needed funds to pay its liabilities in the future and to implement the management plan which is mentioned in note (6), our conclusion is not modified in respect to this matter.

Basis of Qualified Conclusion

- During the years 2017 and 2018 the Company did not record depreciation for some of its plant and equipment related to the production factory, this resulted in a decrease in depreciation expenses by an amount of JOD (369,597), and increase in shareholders' equity by the same amount.
- The accompanying condensed interim financial statements as at 30 September 2021 includes unrecorded expected credit losses amounting to JOD (338,501).

Qualified Conclusion

Based on our review, with the exception of the matters described in the basis of qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard number (34) "Interim Financial Reporting".

Emphasis of Matter

The General Assembly of the Company has approved in its extra ordinary meeting held on 8 August 2018, the merger between Travertine Company PLC with International Silica Industries Company PLC. The main Company will be Travertine Company PLC, and International Silica Industries Company is the merged Company. The merger has not been completed to the date of the condensed interim financial statements.

25 October 2021
Amman - Jordan



Arab Professionals
Amin Samara
License No. (481)

Travertine Company
Public Shareholding Company
Interim Statement of Financial Position as at 30 September 2021
(In Jordanian Dinar)

	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Assets		
Non-current assets		
Property, plant and equipment	1,016,158	1,143,589
Right of use assets	63,384	68,736
Financial assets measured at fair value through other comprehensive income	26,916	26,916
Total non-current assets	<u>1,106,458</u>	<u>1,239,241</u>
Current assets		
Inventories	951,746	1,142,632
Spare parts	132,383	134,457
Accounts receivable	352,088	312,668
Amounts due from related parties	60,893	62,567
Other assets	61,463	55,047
Cash and cash equivalents	8,137	6,585
Total current assets	<u>1,566,710</u>	<u>1,713,956</u>
Total assets	<u>2,673,168</u>	<u>2,953,197</u>
Equity and liabilities		
Equity		
Paid-in capital	4,600,000	4,600,000
Statutory reserve	181,803	181,803
Cumulative changes in fair value of financial assets	(286,590)	(286,590)
Accumulated losses	(3,624,643)	(3,155,625)
Net equity	<u>870,570</u>	<u>1,339,588</u>
Liabilities		
Non-current liabilities		
Credit facilities - long term	380,000	431,525
Lease obligation - long term	55,628	60,653
Deferred checks - long term	58,154	69,123
Amounts due to related parties	205,324	200,324
Total non - current liabilities	<u>699,106</u>	<u>761,625</u>
Current liabilities		
Credit facilities - short term	96,533	20,000
Lease obligation - short term	5,991	7,386
Deferred checks - short term	91,580	39,504
Accounts payable	506,972	427,429
Other liabilities	402,416	357,665
Total current liabilities	<u>1,103,492</u>	<u>851,984</u>
Total liabilities	<u>1,802,598</u>	<u>1,613,609</u>
Total equity and liabilities	<u>2,673,168</u>	<u>2,953,197</u>

“The accompanying notes from (1) to (6) are an integral part of these condensed interim financial statements and read with review report”

Travertine Company
Public Shareholding Company
Interim Statement of Comprehensive Income for the Nine Months Ended at 30 September 2021 (Unaudited)
(In Jordanian Dinar)

	For the three months ended		For the nine months ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
Net sales	222,693	86,339	487,820	185,881
Cost of sales	<u>(232,764)</u>	<u>(71,323)</u>	<u>(750,325)</u>	<u>(505,734)</u>
Gross (loss) profit	(10,071)	15,016	(262,505)	(319,853)
Administrative expenses	(56,983)	(38,999)	(157,196)	(118,968)
Selling and distribution expenses	(4,119)	(8,886)	(14,234)	(27,629)
Finance expenses	(23,520)	(12,209)	(35,083)	(35,852)
Sales tax penalties expenses	-	(2,444)	-	(17,697)
Net of other revenues and expenses	<u>-</u>	<u>6,400</u>	<u>-</u>	<u>8,345</u>
Comprehensive loss for the period	<u>(94,693)</u>	<u>(41,122)</u>	<u>(469,018)</u>	<u>(511,654)</u>
Basic and diluted loss per share for the period	<u>(0.021)</u>	<u>(0.009)</u>	<u>(0.102)</u>	<u>(0.111)</u>

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Travertine Company
Public Shareholding Company
Interim Statement of Changes in Equity for the Nine Months Ended at 30 September 2021 (Unaudited)
(In Jordanian Dinar)

	<u>Paid - in capital</u>	<u>Statutory reserve</u>	<u>Cumulative changes in fair value</u>	<u>Accumulated losses</u>	<u>Total</u>
Balance at 1 January 2021	4,600,000	181,803	(286,590)	(3,155,625)	1,339,588
Total comprehensive loss for the period	-	-	-	(469,018)	(469,018)
Balance at 30 September 2021	<u>4,600,000</u>	<u>181,803</u>	<u>(286,590)</u>	<u>(3,624,643)</u>	<u>870,570</u>
Balance at 1 January 2020	4,600,000	181,803	(286,590)	(2,493,540)	2,001,673
Total comprehensive loss for the period	-	-	-	(511,654)	(511,654)
Balance at 30 September 2020	<u>4,600,000</u>	<u>181,803</u>	<u>(286,590)</u>	<u>(3,005,194)</u>	<u>1,490,019</u>

“The accompanying notes from (1) to (6) are an integral part of these condensed interim financial statements and read with review report”

Travertine Company
Public Shareholding Company
Interim Statement of Cash Flows for the Nine Months Ended at 30 September 2021 (Unaudited)

(In Jordanian Dinar)

	30 September 2021	30 September 2020
Operating activities		
Loss for the period	(469,018)	(511,654)
Depreciation	133,973	136,443
Right of use assets depreciation	5,352	5,372
Lease obligation interest	5,580	5,960
Changes in working capital		
Accounts receivable	(39,420)	171,766
Inventories	190,886	(2,827)
Spare parts	2,074	4,632
Other assets	(6,416)	11,643
Deferred checks	41,107	(52,188)
Accounts payable	79,543	67,178
Other liabilities	44,751	129,508
Net cash flows used in operating activities	(11,588)	(34,167)
Investing activities		
Property, plant and equipment	(6,542)	-
Financing activities		
Credit facilities	25,008	21,863
Amounts due from/to related parties	6,674	18,302
Lease obligation payments	(12,000)	(12,000)
Net cash flows from financing activities	19,682	28,165
Net changes in cash and cash equivalents	1,552	(6,002)
Cash and cash equivalents, beginning of year	6,585	12,619
Cash and cash equivalents, end of period	8,137	6,617

“The accompanying notes from (1) to (6) are an integral part of these condensed interim financial statements and read with review report”

Travertine Company
Public Shareholding Company
Notes to the Condensed Interim Financial Statements (Unaudited)
30 September 2021
(In Jordanian Dinar)

1 . General

Travertine Company PLC. Was established on 1 June 1999 as a Public Shareholding Company and registered at the Ministry of Trade and Industry under number (338). The Company head office is in the Hashemite Kingdom of Jordan. The Company's main objective is mining to extract travertine rocks to produce all related products.

The Company shares are listed in Amman Stock Exchange.

The accompanying condensed interim financial statements were authorized for issue by the Company's Audit committee in its meeting held on 25 October 2021.

2 . Summary of Significant Accounting Policies

Basis of preparation

The condensed interim financial statements of the Company have been prepared in accordance with International Accounting Standard number (34) "Interim Financial Reporting". They do not include all of the information required in annual financial statements in accordance with IFRSs, and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2020.

The condensed interim financial statements have been prepared on a historical cost basis except for investment securities, which have been measured at fair value.

The condensed interim financial statements are presented in Jordanian Dinar which is the functional currency of the Company.

The accounting policies are consistent with those used in the previous period, except for the adoption of new and amended standards effective as at the beginning of the year.

Use of estimates

The preparation of the condensed interim financial statements requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions and in particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

Management believes that the estimates are reasonable and are as follows:

- Because of the nature of this industry, management is using its judgment for identifying some of the travertine rock quantities.
- Inventories are held at the lower of cost or net realizable value. When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.
- The measurement of impairment losses under IFRS 9 requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. Elements of the expected credit loss model that are considered accounting judgments and estimates include Probability of default (PD), Loss given default (LGD) and Exposure at default (EAD).

3 . Income tax

- The Company has settled its tax liability with the Income Tax Department up to the year 2016 in addition to the year 2018.
- The income tax returns for the years 2017, 2019 and 2020 have been filed with the Income Tax Department, but the Department has not reviewed the Company's records till the date of this report.
- No Income and National Contribution Tax provisions have been calculated for the nine months ended at 30 September 2021, because the taxable expenses exceeded the taxable income.

4 . Contingent liabilities

- The Company is contingently liable against several labor rights lawsuits filed against the Company, currently these cases are pending for future sessions.
- The Company is contingently liable against letters of guarantees amounting to JOD (19,000).

5 . Fair value

The fair values of the financial assets and liabilities are not materially different from their carrying values as most of these items are either short-term in nature or re-priced frequently.

Financial assets and financial liabilities measured at fair value in the interim statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

<u>30 September 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets measured at fair value through other comprehensive income	-	-	26,916	<u>26,916</u>
<u>31 December 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets measured at fair value through other comprehensive income	-	-	26,916	<u>26,916</u>

6 . Management plan

The accompanying condensed interim financial statements have been prepared on a going concern basis, and as indicated in the interim statement of financial position, the Company's accumulated losses (including the cumulative changes in fair value) represent 85% of its share capital, and the Company suffers from financial difficulties due to liquidity problems and a major decline in sales. These events indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern, and its continuity depends on its ability to implement the management's plan, which includes the company selling and utilizing previously extracted blocks in local and foreign markets. The Company is also in the process of adding new products and materials, and is planning to open an exhibition in Amman to sell its' products.